

SENATE BILL No. 229

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-35.

Synopsis: Tax credit for bridge toll expenses. Provides an income tax credit to qualified businesses that pay tolls to cross certain Ohio River bridges. Provides that a qualified business is a business entity that: (1) is authorized to transact business in Indiana; (2) maintains its principal office, or a branch office, in Clark County or Floyd County; and (3) incurs at least \$500 of qualified toll expenses to cross certain Ohio River bridges during a taxable year. Provides that the amount of the tax credit may not exceed the lesser of: (1) the amount of qualified toll expenses paid by the qualified business during the taxable year; or (2) \$5,000. Provides that a business entity wishing to claim the credit must file an application with the department of state revenue during the taxable year requesting certification of the business entity as a qualified business for that taxable year.

Effective: January 1, 2017.

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January 7, 2016, read first time and referred to Committee on Tax & Fiscal Policy.



PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE BILL No. 229

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3.1-35 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 3 JANUARY 1, 2017]:
- 4 **Chapter 35. Tax Credit for Ohio River Bridge Toll Expenses**
- 5 **Sec. 1.** As used in this chapter, "business entity" means a sole
- 6 proprietorship, limited liability company, firm, partnership,
- 7 corporation, or other form of organization permitted under
- 8 Indiana law for business purposes.
- 9 **Sec. 2.** As used in this chapter, "department" refers to the
- 10 department of state revenue.
- 11 **Sec. 3.** As used in this chapter, "Ohio River bridge" refers to a
- 12 bridge that:
- 13 (1) crosses the Ohio River; and
- 14 (2) has its northern terminus located in Clark County.
- 15 **Sec. 4.** As used in this chapter, "pass through entity" has the
- 16 meaning set forth in IC 6-3-1-35.
- 17 **Sec. 5.** As used in this chapter, "qualified business" means any



business entity that:

- (1) is authorized to transact business in Indiana;
- (2) maintains its principal office, or a branch office, in Clark County or Floyd County; and
- (3) incurs at least five hundred dollars (\$500) of qualified toll expenses during a taxable year.

Sec. 6. As used in this chapter, "qualified toll expense" means all toll road expenses incurred by a qualified business to cross an Ohio River bridge in the conduct and operation of the business. The term does not include toll road expenses incurred for a nonbusiness purpose, including commuting to or from a qualified business location.

Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (2) IC 6-5.5 (the financial institutions tax); and
- (3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

Sec. 8. As used in this chapter, "taxpayer" means a qualified business that has state tax liability.

Sec. 9. A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year in an amount equal to the lesser of:

- (1) the amount of qualified toll expenses paid by the taxpayer during the taxable year; or
- (2) five thousand dollars (\$5,000).

Sec. 10. (a) A business entity wishing to claim a credit under this chapter must file an application with the department not later than October 1 of the taxable year requesting certification of the business entity as a qualified business for that taxable year. The department shall prescribe the form and contents of the application. An applicant must submit to the department all information that the department determines is necessary to substantiate the certification requested under this section.

(b) Upon receipt of an application under subsection (a), the department shall review the application and promptly notify an applicant whether the applicant meets the definition of a "qualified business" for the taxable year. If an applicant meets the definition of a qualified business, the department shall provide to the applicant a certificate evidencing the applicant's eligibility as a



1 qualified business to claim a credit under this chapter for the
2 taxable year in which the application is filed with the department.

3 (c) Notwithstanding subsection (a), a business entity that has not
4 satisfied all the requirements to meet the definition of a qualified
5 business on October 1, but subsequently satisfies those
6 requirements before January 1 of the subsequent taxable year may
7 file the application required under subsection (a) with the
8 department not later than December 31 of the taxable year.
9 Subsection (b) applies to an application filed under this subsection.

10 Sec. 11. A taxpayer must claim the credit on the taxpayer's
11 annual state tax return in the manner prescribed by the
12 department. The taxpayer shall submit to the department the
13 certification required under section 10 of this chapter and all
14 information that the department determines is necessary for the
15 calculation of the credit provided by this chapter.

16 Sec. 12. The amount of any unused credit under this chapter for
17 a taxable year may not be carried forward to a succeeding taxable
18 year, carried back to a preceding taxable year, or refunded.

19 Sec. 13. If a pass through entity does not have state income tax
20 liability against which the tax credit may be applied, a shareholder
21 or partner of the pass through entity is entitled to a tax credit equal
22 to:

23 (1) the tax credit determined for the pass through entity for
24 the taxable year; multiplied by

25 (2) the percentage of the pass through entity's distributive
26 income to which the shareholder or partner is entitled.

27 SECTION 2. [EFFECTIVE JANUARY 1, 2017] (a) IC 6-3.1-35, as
28 added by this act, applies only to taxable years that begin after
29 December 31, 2016.

30 (b) This SECTION expires July 1, 2020.

